

105TH CONGRESS
2D SESSION

H. R. 4149

To reduce overhead and other costs associated with the management of the National Forest System, to improve the fiscal accountability of the Forest Service through an improved financial accounting system, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 1998

Mr. SMITH of Oregon (for himself, Mr. COMBEST, Mr. HERGER, and Mr. TAYLOR of North Carolina) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To reduce overhead and other costs associated with the management of the National Forest System, to improve the fiscal accountability of the Forest Service through an improved financial accounting system, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Forest Service Cost Reduction and Fiscal Accountability
6 Act of 1998”.

1 (b) TABLE OF CONTENTS.—The table of contents of
 2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Definitions.
- Sec. 4. All Resources Reporting System.
- Sec. 5. Limitations on costs charged to off-budget funds.
- Sec. 6. Disclosure of indirect expenditures and general administration costs in
 annual budget requests.
- Sec. 7. Cost reduction strategic plan.
- Sec. 8. Audit requirements.

3 **SEC. 2. FINDINGS.**

4 Congress finds the following:

5 (1) Over the last several years, indirect expendi-
 6 tures and other overhead costs within the Forest
 7 Service have increased substantially, both in total
 8 dollar amounts and as a percentage of total expendi-
 9 tures. Rising indirect expenditures and other over-
 10 head costs have hindered the ability of the Forest
 11 Service to carry out its core mission of managing the
 12 National Forest System.

13 (2) According to the Comptroller General, indi-
 14 rect expenditures associated with Forest Service
 15 management of five off-budget funds established by
 16 law to provide funds for site restoration, reforest-
 17 ation, habitat improvement, brush disposal and other
 18 critical management activities has increased by 80
 19 percent and now exceeds 27 percent of the total an-
 20 nual expenditures from these off-budget funds. Con-
 21 siderable debate continues regarding whether such

1 expenditures exceed spending authority provided by
2 Congress.

3 (3) Forest Service data show that annual gen-
4 eral administration costs associated with the Federal
5 timber sale program increased by 46 percent be-
6 tween 1992 and 1996 and now comprise 31 percent
7 of the total costs of the program. Such data show
8 that annual general administration costs exceed the
9 total annual costs of all of the following combined:

10 (A) Environmental analysis.

11 (B) Appeals and litigation.

12 (C) Road design, construction, and mainte-
13 nance.

14 (D) Brush disposal.

15 (E) Reforestation and other site improve-
16 ments.

17 (F) Transportation planning.

18 (G) Silvicultural examinations.

19 (4) The Forest Service does not presently have
20 an adequate financial accounting system in place to
21 identify and manage the indirect and total expendi-
22 tures associated with the programs it administers.
23 The lack of such a system, and accompanying safe-
24 guards to prevent inappropriate use of appropriated
25 funds and off-budget funds, may be contributing

1 substantially to declines in the goods and services
2 the Forest Service is able to provide to the American
3 public and other users of the National Forest Sys-
4 tem.

5 (5) The Forest Service is in need of a com-
6 prehensive strategy for identifying and reducing,
7 where appropriate, indirect and total expenditures
8 associated with management of the National Forest
9 System. Such a strategy must include clear, tangible
10 objectives and performance measures that will make
11 it possible to measure agency performance and iden-
12 tify results.

13 (6) Any comprehensive strategy ultimately
14 adopted by the Forest Service to better manage indi-
15 rect and total expenditures associated with manage-
16 ment of the National Forest System must be de-
17 signed so as to maintain or increase the goods and
18 services provided to the American public and other
19 users of the National Forest System as a result of
20 its implementation.

21 **SEC. 3. DEFINITIONS.**

22 For purposes of this Act:

23 (1) BUDGET REQUEST.—The term “budget re-
24 quest” means the Forest Service budget justification
25 documents submitted to the Committee on Appro-

1 priations of the House of Representatives and the
2 Senate in support of the President’s budget for a
3 fiscal year submitted to Congress pursuant to sec-
4 tion 1105 of title 31, United States Code.

5 (2) GENERAL ADMINISTRATION.—The term
6 “general administration” means amounts appro-
7 priated for general line management, administrative
8 support, and common services, as identified in the
9 Forest Service budget request.

10 (3) INDIRECT EXPENDITURES.—The term “in-
11 direct expenditures” means indirect support activi-
12 ties, as defined in the Forest Service Handbook and
13 other expenditures, including salary, travel, training
14 and vehicle use, that cannot, in a feasible manner,
15 be specifically identified with a single project, includ-
16 ing the following:

17 (A) Expenditures related to line officers,
18 including district rangers, forest supervisors, re-
19 gional foresters, and Washington Office posi-
20 tions, and their support staff.

21 (B) Program support expenditures to co-
22 ordinate, manage, and execute programs, busi-
23 ness activities, community involvement, and
24 other similar activities.

1 (C) Nonpersonnel expenditures associated
2 with providing space and working environments
3 for employees, including rentals, utilities, com-
4 munications, radio, office and computer equip-
5 ment, mail and postage, and office supplies and
6 forms.

7 (4) OFF-BUDGET FUND.—The term “off-budget
8 fund” means a trust fund or permanent appropria-
9 tion administered by the Forest Service, including
10 the following:

11 (A) The brush disposal fund established
12 under the twenty-first paragraph under the
13 heading “FOREST SERVICE” in the Act of
14 August 11, 1916 (39 Stat. 462; 16 U.S.C.
15 490).

16 (B) The cooperative work—other fund es-
17 tablished under the penultimate paragraph
18 under the heading “FOREST SERVICE” in
19 the Act of June 30, 1914 (38 Stat. 430; 16
20 U.S.C. 498).

21 (C) Knutson-Vandenberg fund established
22 under section 3 of the Act of June 9, 1930
23 (commonly known as the Knutson-Vandenberg
24 Act; 16 U.S.C. 576b).

1 (D) The reforestation trust fund estab-
2 lished under section 303(d) of Public Law 96-
3 451 (16 U.S.C. 1606a).

4 (E) The salvage sale fund established
5 under section 14(h) of the National Forest
6 Management Act of 1976 (16 U.S.C. 472a(h)).

7 (F) The roads and trails fund established
8 under the fourteenth paragraph under the
9 heading “FOREST SERVICE” of the Act of
10 March 4, 1913 (37 Stat. 843; 16 U.S.C. 501).

11 (5) SECRETARY.—The term “Secretary” means
12 the Secretary of Agriculture, acting through the
13 Chief of the Forest Service.

14 **SEC. 4. ALL RESOURCES REPORTING SYSTEM.**

15 (a) ACCOUNTING SYSTEM REQUIRED.—

16 (1) SCHEDULE FOR IMPLEMENTATION.—Not
17 later than 180 days after the date of the enactment
18 of this Act, the Secretary shall prepare a schedule
19 for implementation of an accounting system (to be
20 known as the “All Resources Reporting System”) to
21 account for the costs and revenues associated with
22 the programs administered by the Forest Service.
23 The Secretary shall include the schedule in the stra-
24 tegic plan required under section 7.

1 (2) IMPLEMENTATION.—The All Resources Re-
2 reporting System shall be fully implemented for all of
3 the programs identified under subsection (b) begin-
4 ning no later than the first day of the second full
5 fiscal year following the date of the enactment of
6 this Act.

7 (b) REQUIRED PROGRAMS.—The All Resources Re-
8 reporting System shall include, at a minimum, the following
9 program areas:

10 (1) Land management planning, inventorying,
11 and monitoring.

12 (2) Recreation use.

13 (3) Rangeland management.

14 (4) Commercial timber management.

15 (5) Forestland vegetation management.

16 (6) Soil, water, and air management.

17 (7) Minerals and geology management.

18 (8) Wildlife and fisheries habitat management.

19 (9) Land ownership management.

20 (10) Infrastructure management.

21 (11) Law enforcement operations.

22 (12) State and private forestry.

23 (13) Forest and rangeland research.

24 (c) COST ALLOCATIONS.—The All Resources Report-
25 ing System shall allocate certain costs as follows:

1 (1) The costs of the commercial timber manage-
2 ment program shall consist of the costs identified
3 with the timber commodity component of the Fed-
4 eral timber sale program, as contained in the Forest
5 Management Program Annual Report.

6 (2) The costs of the forest land vegetation and
7 wildlife and fisheries habitat management program
8 shall include the costs of the forest stewardship and
9 personal use components of the Federal timber sale
10 program, as contained in the Forest Management
11 Program Annual Report. Such costs shall be divided,
12 as appropriate, between the two programs.

13 (d) IDENTIFICATION OF INDIRECT EXPENDITURES
14 AND GENERAL ADMINISTRATION COSTS.—The All Re-
15 sources Reporting System shall clearly identify the indi-
16 rect expenditures and general administration costs
17 charged or allocated annually to each program.

18 (e) ADMINISTRATIVE UNITS.—The All Resources Re-
19 porting System shall include a separate report for each
20 administrative unit of the National Forest System, for
21 State and private forestry, and for research.

22 (f) COMPLIANCE WITH GENERALLY ACCEPTED AC-
23 COUNTING PRINCIPLES.—The Forest Service shall ensure
24 that the All Resources Reporting System complies with
25 generally accepted accounting principles.

1 **SEC. 5. LIMITATIONS ON COSTS CHARGED TO OFF-BUDGET**
2 **FUNDS.**

3 (a) **ANNUAL PERCENTAGE LIMITATION.**—Not later
4 than 90 days after the date of the enactment of this Act,
5 the Secretary shall cap total annual indirect expenditures
6 from each of the off-budget funds at 20 percent of the
7 total expenditures from each fund.

8 (b) **ELIMINATION OF INDIRECT EXPENDITURES.**—
9 Not later than 180 days after the date of the enactment
10 of this Act, the Secretary shall prepare a schedule for
11 eliminating indirect expenditures from each off-budget
12 fund by the end of the second full fiscal year following
13 the date of the enactment of this Act. To ensure elimi-
14 nation of such indirect expenditures by the end of such
15 second full fiscal year, the schedule shall reduce indirect
16 expenditures to at least 10 percent of total annual expend-
17 itures from each off-budget fund beginning on the first
18 day of the second full fiscal year. The Secretary shall in-
19 clude the schedule in the strategic plan required under sec-
20 tion 7.

21 **SEC. 6. DISCLOSURE OF INDIRECT EXPENDITURES AND**
22 **GENERAL ADMINISTRATION COSTS IN AN-**
23 **NUAL BUDGET REQUESTS.**

24 The Secretary shall plainly disclose for each budget
25 line item, expanded budget line item, or program identified
26 in each annual budget request the following information:

1 (1) The total amount of indirect expenditures
2 and general administration costs that will be
3 charged or allocated to the line item, expanded line
4 item, or program during the applicable fiscal year,
5 expressed both in total dollars and as a percentage
6 of the total line item, expanded line item, or pro-
7 gram.

8 (2) The total amount of indirect expenditures
9 and general administration costs charged or allo-
10 cated to the line item, expanded line item, or pro-
11 gram for each of the preceding three fiscal years, ex-
12 pressed both in total dollars and a percentage of the
13 total line item, expanded line item, or program.

14 **SEC. 7. COST REDUCTION STRATEGIC PLAN.**

15 (a) STRATEGIC PLAN REQUIRED.—Not later than
16 180 days after the date of the enactment of this Act, the
17 Secretary shall prepare and submit to Congress a five-year
18 strategic plan to identify and reduce, where appropriate,
19 indirect expenditures and other costs associated with the
20 programs identified in section 4(b) while simultaneously
21 increasing the goods and services provided by such pro-
22 grams through the National Forest System.

23 (b) ELEMENTS OF STRATEGIC PLAN.—The strategic
24 plan shall include, at a minimum, the following elements:

1 (1) A description and schedule for full imple-
2 mentation of the All Resources Reporting System.

3 (2) A schedule for eliminating indirect expendi-
4 tures from off-budget funds pursuant to section 5.

5 (3) A method for identifying annually the direct
6 and indirect expenditures (expressed both in total
7 dollars and as a percentage of total program expend-
8 itures) charged or allocated to each program by the
9 Washington, regional, forest, and ranger district of-
10 fices.

11 (4) A framework, including specific instructions
12 to line officers and other decision makers, for estab-
13 lishing and achieving a five-year goal for reducing,
14 as appropriate, the indirect expenditures and total
15 expenditures charged to each program by the Wash-
16 ington, regional, forest, and ranger district offices
17 while maintaining or increasing the goods and serv-
18 ices provided by such programs through the Na-
19 tional Forest System.

20 (5) A plan to improve the cost-effectiveness of
21 program and project planning and implementation
22 through increased private-sector contracting.

23 (6) Annual, output-based incentives for line of-
24 ficers and other decision-makers to meet the sched-

1 ules and achieve the objectives established under this
2 subsection.

3 (c) CONSULTATION.—The Secretary shall prepare the
4 strategic plan in consultation with the Comptroller Gen-
5 eral and the Inspector General of the Department of Agri-
6 culture.

7 (d) RESULTS OF IMPLEMENTATION.—The Secretary
8 shall include an annual review of the results of the imple-
9 mentation of the strategic plan as an addendum to the
10 annual budget request. The annual review may also be in-
11 cluded in the annual performance plan prepared pursuant
12 to the provisions of the Government Performance and Re-
13 sults Act of 1993 (Public Law 103–62; 107 Stat. 285).
14 The addendum shall include a description of the following:

15 (1) Modifications in the implementation of the
16 strategic plan that occurred during the course of the
17 fiscal year and the impact of the modifications.

18 (2) Changes to the definition of or method of
19 accounting for direct and indirect expenditures and
20 general administration costs that occurred during
21 the previous fiscal year.

22 (3) Private contracting demonstration projects
23 commenced under subsection (e) and the results of
24 any such projects that are completed.

1 (e) DEMONSTRATION OF PRIVATE-SECTOR CON-
2 TRACTING.—For purposes of the implementation of the
3 element of the strategic plan described in subsection
4 (b)(5), and notwithstanding any other provision of law, the
5 Secretary may conduct demonstration projects to test the
6 cost-effectiveness of using private contracting for plan-
7 ning, programming, project implementation, and other ac-
8 tivities of the Forest Service that do not constitute deci-
9 sion-making.

10 **SEC. 8. AUDIT REQUIREMENTS.**

11 (a) ANNUAL EVALUATIONS REQUIRED.—The Comp-
12 troller General shall submit to Congress an annual evalua-
13 tion assessing the effectiveness of the implementation of
14 the strategic plan required under section 7. The evaluation
15 for a year shall be submitted as soon as practicable after
16 the submission of the Forest Service budget request for
17 the next year.

18 (b) FIVE-YEAR AUDIT REQUIRED.—At the conclu-
19 sion of the fifth full fiscal year following the date of the
20 enactment of this Act, the Comptroller General shall con-
21 duct a comprehensive audit of the implementation of the
22 strategic plan required under section 7. Such audit shall
23 include an analysis of the following:

1 (1) The trends in indirect and total expendi-
2 tures charged to each program by the Washington,
3 regional, forest, and ranger district offices.

4 (2) A description of the effectiveness of the im-
5 plementation of the strategic plan, or any modifica-
6 tions thereto, on the management of indirect expend-
7 itures and total expenditures charged to each pro-
8 gram by the Washington, regional, forest, and rang-
9 er district offices.

10 (3) Recommendations to further improve the
11 management of indirect and total expenditures
12 charged to each program by the Washington, re-
13 gional, forest, and ranger district offices.

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